

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 13504 171202Z

43

ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ISO-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 ACDA-19 IO-14 EB-11 COME-00

TRSE-00 SCEM-02 INT-08 DRC-01 /182 W

----- 127577

P R 171020Z OCT 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 7554

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L TOKYO 13504

E.O. 11652: GDS

TAGS: ENRG, JA

SUBJECT: JAPANESE REACTION TO ME OIL DEVELOPMENTS

SUMMARY: JAPANESE REACTION TO CURRENT MIDDLE EAST CRISIS, WHICH FOCUSSED LARGELY ON PETROLEUM CONCERNS, HAS BEEN RELATIVELY CALM THUS FAR. AT MOMENT JAPANESE PAYING CLOSE ATTENTION TO KUWAIT PETROLEUM MINISTERS CONFERENCE. GOJ PARTICULARLY CONCERNED ABOUT POSSIBILITY OF CUT IN SAUDI AND OTHER PRODUCTION, BUT FEELS SOMEWHAT HELPLESS IN AFFECTING ACTIONS BY PRODUCERS. CONTINGENCY PLANS ARE UNDER STUDY IN GOJ AS ARE PLANS FOR SITUATION WHERE JAPAN MAY FIND ITSELF FORCED IN AN EMERGENCY SESSION OF UNGA TO MAKE STATEMENT RE ME (PROBABLY LEANING TOWARD ARAB POSITION). IN MIDST OF ALL THIS, MITI ENERGY AND RESOURCES AGENCY SERIOUSLY HAMPERED BY WIDESPREAD BRIBERY SCANDAL. END SUMMARY.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TOKYO 13504 171202Z

1. CURRENT FOCUS OF JAPANESE ATTENTION IN ME OIL SITUATION IS ON OAPC CONFERENCE OF PETROLEUM MINISTERS BEGINNING IN KUWAIT ON OCT 17. JAPANESE PRESS SPECULATION HAS GENERALLY FOLLOWED LINES REPORTED IN KUWAIT 3760 THAT THERE ARE THREE POSSIBLE ACTIONS WHICH COULD COME OUT OF MEETING. THESE ARE: A) BOYCOTT OF OIL SHIPMENTS TO US;

AEIVERALL#

ODUCTION. KNOWLEDGEABLE JAPANESE ARE PARTICULARLY CONCERNED OVER LATTER TWO POSSIBILITIES SINCE JAPAN WOULD BE HIT HARD AND SOON BY SUCH ACTIONS.

2. GOJ AND PRIVATE OIL FIRMS OBVIOUSLY WATCHING ME SITUATION VERY CLOSELY. THUS FAR, HOWEVER, JAPANESE REACTION REFLECTS FACT THAT JAPAN GETS ITS OIL FROM PERSIAN GULF, WHICH IS NOT DIRECTLY AFFECTED BY MIDDLE EAST WAR, RATHER THAN FROM MEDITERRANEAN PORTS. MITI SPOKESMEN HAVE NOTED POSSIBILITY THAT EUROPEAN COUNTRIES MAY ATTEMPT SHIFT TO PERSIAN GULF PORTS TO MAKE UP FOR SHORTFALL, THUS CROWDING THESE PORTS AND DELAYING JAPANESE TANKER LOADINGS, BUT HAVE STRESSED THAT FOR TIME BEING NO SIGNIFICANT EFFECTS ON JAPAN'S OIL SUPPLY ARE FORESEEN. FONMIN OHIRA MET WITH HIS DIRECTOR GENERAL ON OCT 15 TO CONSIDER ME SITUATION. FONOFF OFFICIALS AT THAT TIME WERE STRUCK BY REPORTS THAT IF SAUDI ARABIA ALONE REDUCES PRODUCTION BY 10 PERCENT AS POLITICAL WEAPON IN ME WAR (AS JAPANESE EMBASSY IN JIDDA HAS FORECAST - SEE TOKYO 13173), JAPAN WOULD LOSE 7 PERCENT OF ITS PRESENT OIL SUPPLIES. SO FAR, HOWEVER, NO DIRECT THREAT TO JAPANESE SUPPLY LINES IS YET CLEARLY PERCEIVABLE IN JAPAN SO REACTION REMAINS MODERATE.

3. MODERATE REACTION CERTAINLY INFLUENCED BY KEEN AWARENESS THAT NOTHING JAPAN CAN DO AT MOMENT WILL AFFECT SITUATION IN ANY CASE. JAPANESE OIL INDUSTRY SOURCES HAVE TOLD EMBASSY THEY WOULD LIKE TO BE ABLE TO BUILD UP OIL STOCKS FURTHER AS HEDGE AGAINST POSSIBLE CRISIS, BUT SINCE TANKER TONNAGE IS LIMITED THIS HAS PROVEN TO BE IMPOSSIBLE. SINCE MAJORS ARE NOT IN CONTROL OF THEIR OWN DESTINIES, JAPANESE APPARENTLY SEE NO VALUE IN EXERTING PRESSURE IN THAT DIRECTION.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TOKYO 13504 171202Z

4. DESPITE JAPANESE SENSE OF HELPLESSNESS, TWO ACTIVITIES ARE UNDERWAY IN PREPARATION FOR POSSIBLE FUTURE DEVELOPMENTS: A) CABINET SECRETARY NIKKAIDO STRONGLY SUGGESTED TO FON VICE MIN HOGEN ON OCT 15 THAT FONOFF GATHER DATA ON RATIONING AND CONSUMPTION CONTROL PROGRAMS WHICH OTHER COUNTRIES HAVE AVAILABLE. THIS IS NOW BEING DONE. MITI IS ALSO ACTIVELY AT WORK DRAFTING CONTINGENCY PLANS BASED ON NUMBER OF HYPOTHETICAL SITUATIONS, THE WORST OF WHICH

IS COMPLETE LOSS OF ARAB OIL, WHICH COMPRISES 40 PERCENT OF JAPANESE ENERGY CONSUMPTION. AS OF OCT 16, HOWEVER, MITI DRAFTERS HAD MADE LITTLE PROGRESS TOWARD COMPLETION OF OIL CONSUMPTION CONTROL SYSTEM AND HAD REACHED NO DECISION ON WHETHER ADMINISTRATIVE GUIDANCE (I.E. INFORMAL GOVT CONTROLS) WOULD BE ADEQUATE OR WHETHER LEGISLATIVE AUTHORITY TO CONTROL OIL CONSUMPTION WOULD HAVE TO BE REQUESTED.

B) FONOFF ALSO LOOKING AT POSSIBILITY THAT UN SECURITY COUNCIL MAY REACH STALEMATE DUE TO EXERCISE OF VETO POWER BY ONE SIDE OR THE OTHER, NECESSITATING AN EMERGENCY UN GENERAL ASSEMBLY SESSION. IN THIS SITUATION JAPAN WOULD PROBABLY BE PRESSED TO TAKE A POSITION. ALTHOUGH THAT POSITION OBVIOUSLY NOT YET FORMULATED, INTERNATIONAL RESOURCES DIV. OF FONOFF WOULD FAVOR MAKING STATEMENT IN SUPPORT OF ARAB CAUSE. REST OF GOJ ALSO LIKELY TO FEEL THAT SECURE SUPPLY OF PETROLEUM SHOULD BE PRIMARY CONSIDERATION IN ANY JAPANESE VOTE IN UN.

5. SECOND ME CRISIS, I.E. REACTION TO OPEC DEMANDS IN VIENNA, HAS BEEN SOMEWHAT OVERSHADOWED IN JAPAN BY DEVELOPMENTS IN ME WAR. (SEE SEPTTEL FOR FURTHER COMMENT ON THIS SUBJECT.)

6. FINALLY, IN MIDST OF JAPANESE CONCERNS ABOUT PETROLEUM SITUATION IN ME AND ATTEMPTS TO DRAFT CONTINGENCY PLANS, MITI'S NEW ENERGY AND RESOURCES AGENCY HAS BEEN SERIOUSLY AFFECTED BY ANNOUNCEMENT OF THREE POSSIBLE INDICTMENTS OF AGENCY OFFICIALS, INCLUDING TWO OF THE FOUR DIVISION HEADS DEALING WITH PETROLEUM FOR ACCEPTING BRIBES. BOTH HEAD OF AGENCY YAMAGATA AND OIL DEPT DIRECTOR ZENJI KUMAGAYA ARE NEW IN THEIR JOBS WITHOUT PREVIOUS EXPERIENCE IN OIL AREA. LOSS OF PETROLEUM PLANNING DIR, RYOHEI SUZUKI, ONE OF

CONFIDENTIAL

PAGE 04 TOKYO 13504 171202Z

FEW OIL EXPERTS IN AGENCY, WOULD REPRESENT SERIOUS BLOW TO THEM. INDUSTRY SOURCES CLAIM MITI OIL FUNCTIONS VIRTUALLY PARALYZED BY CHARGES AND INVESTIGATIONS. INGERSOLL

NOTE BY OC/T: #AS RECEIVED. WILL BE SERVICED ON REQUEST.

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUPPLIES, WAR, EXPORT CONTROLS, FOREIGN POLICY POSITION, MILITARY POLICIES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: willialc
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TOKYO13504
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS INGERSOLL
Errors: N/A
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731026/aaaaaspu.tel
Line Count: 159
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: willialc
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 13 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Nov-2001 by shawdg>; APPROVED <26-Nov-2001 by willialc>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAPANESE REACTION TO ME OIL DEVELOPMENTS SUMMARY: JAPANESE REACTION TO CURRENT MIDDLE EAST CRISIS
TAGS: ENRG, JA, XF, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005